

Tennessee Commission on Children and Youth

**For the Years Ended
June 30, 1999, and June 30, 1998**

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

State Capitol
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John G. Morgan
Comptroller

July 31, 2000

The Honorable Don Sundquist, Governor
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
Ms. Linda O'Neal, Executive Director
Tennessee Commission on Children and Youth
Andrew Johnson Tower, Ninth Floor
710 James Robertson Parkway
Nashville, Tennessee 37243

Ladies and Gentlemen:

We have conducted a financial and compliance audit of selected programs and activities of the Tennessee Commission on Children and Youth for the years ended June 30, 1999, and June 30, 1998.

We conducted our audit in accordance with generally accepted government auditing standards. These standards require that we obtain an understanding of management controls relevant to the audit and that we design the audit to provide reasonable assurance of the commission's compliance with the provisions of policies, procedures, laws, and regulations significant to the audit. Management of the Tennessee Commission on Children and Youth is responsible for establishing and maintaining internal control and for complying with applicable laws and regulations.

Our audit disclosed a finding which is detailed in the Objectives, Methodologies, and Conclusions section of this report. The commission's administration has responded to the audit finding; we have included the response following the finding. We will follow up the audit to examine the application of the procedures instituted because of the audit finding.

We have reported other less significant matters involving the commission's internal controls and/or instances of noncompliance to the Tennessee Commission on Children and Youth's management in a separate letter.

Sincerely,

John G. Morgan
Comptroller of the Treasury

JGM/cj
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State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Financial and Compliance Audit
Tennessee Commission on Children and Youth
For the Years Ended June 30, 1999, and June 30, 1998

AUDIT SCOPE

We have audited the Tennessee Commission on Children and Youth for the period July 1, 1997, through June 30, 1999. Our audit scope included a review of management's controls and compliance with policies, procedures, laws, and regulations in the areas of equipment, payroll and personnel, travel, juvenile justice reimbursement, and compliance with the Financial Integrity Act. The audit was conducted in accordance with generally accepted government auditing standards.

AUDIT FINDING

Controls Over Performance Evaluations Need Strengthening

The Tennessee Commission on Children and Youth did not comply with state personnel policies requiring periodic employee performance evaluations (page 5).

"Audit Highlights" is a summary of the audit report. To obtain the complete audit report which contains all findings, recommendations, and management comments, please contact

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Audit Report
Tennessee Commission on Children and Youth
For the Years Ended June 30, 1999, and June 30, 1998

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Tennessee Commission on Children and Youth For the Years Ended June 30, 1999, and June 30, 1998

INTRODUCTION

POST-AUDIT AUTHORITY

This is the report on the financial and compliance audit of the Tennessee Commission on Children and Youth. The audit was conducted pursuant to Section 4-3-304, *Tennessee Code Annotated*, which authorizes the Department of Audit to “perform currently a post-audit of all accounts and other financial records of the state government, and of any department, institution, office, or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the comptroller.”

Section 8-4-109, *Tennessee Code Annotated*, authorizes the Comptroller of the Treasury to audit any books and records of any governmental entity that handles public funds when the Comptroller considers an audit to be necessary or appropriate.

BACKGROUND

The Tennessee Commission on Children and Youth is an independent state agency created by the Tennessee General Assembly. Its primary mission is advocacy for improvements in the quality of life for the state’s children and families. To fulfill this mission, staff of the Tennessee Commission on Children and Youth gather, analyze, and report timely information on children and families for the planning and coordination of policies, programs, and services. The commission evaluates selected state programs and services for children. The commission also administers the federal Juvenile Justice and Delinquency Prevention Act in Tennessee, and administers and distributes funding for juvenile justice and teen pregnancy prevention programs.

The commission’s policymaking body is a 21-member board appointed by the Governor and consisting of people active in addressing the problems and needs of children and youth. At least one member is selected from each of the state’s nine development districts, and the commissioners, or their designees, of state departments serving children serve *ex officio*. Youth advisory members also serve on the commission.

Advocacy

The commission provides leadership for advocacy activities on behalf of children and families. The commission is an integral part of state policymaking on child and family issues and participates on national, state, regional, and local committees, task forces, and boards for information gathering, sharing, and networking.

Regional Councils

The commission staffs and coordinates nine regional councils that provide organizational structure for statewide networking on behalf of children and families.

Information Dissemination

The commission distributes several publications: *Kids Count: The State of the Child in Tennessee*, an annual county-by-county picture of the condition of children; *The Advocate*, a periodic newsletter sent to legislative figures, policymakers, and regional council members; and *Tennessee Compilation of Selected Laws on Children, Youth, and Families*, distributed to juvenile courts, state government staff, and other children's services professionals.

Juvenile Justice

The commission is the state advisory group responsible for implementing provisions of the Juvenile Justice and Delinquency Prevention (JJDP) Act in Tennessee. The four core requirements of the act are to deinstitutionalize status offenders, remove children from adult jails, separate children from adult offenders, and address minority overrepresentation in secure confinement.

Evaluation of Services for Children

The commission conducts targeted evaluations and is responsible for the Children's Program Outcome Review Team (C-PORT) evaluation and the Impact Study.

Ombudsman Program

The Ombudsman Program's staff serve as neutral reviewers to respond to questions, concerns, or complaints regarding children in state custody. This program is funded by a Juvenile Justice and Delinquency Prevention Act grant.

Teenage Pregnancy

The commission administers the state funds for teenage pregnancy prevention and teen parenting.

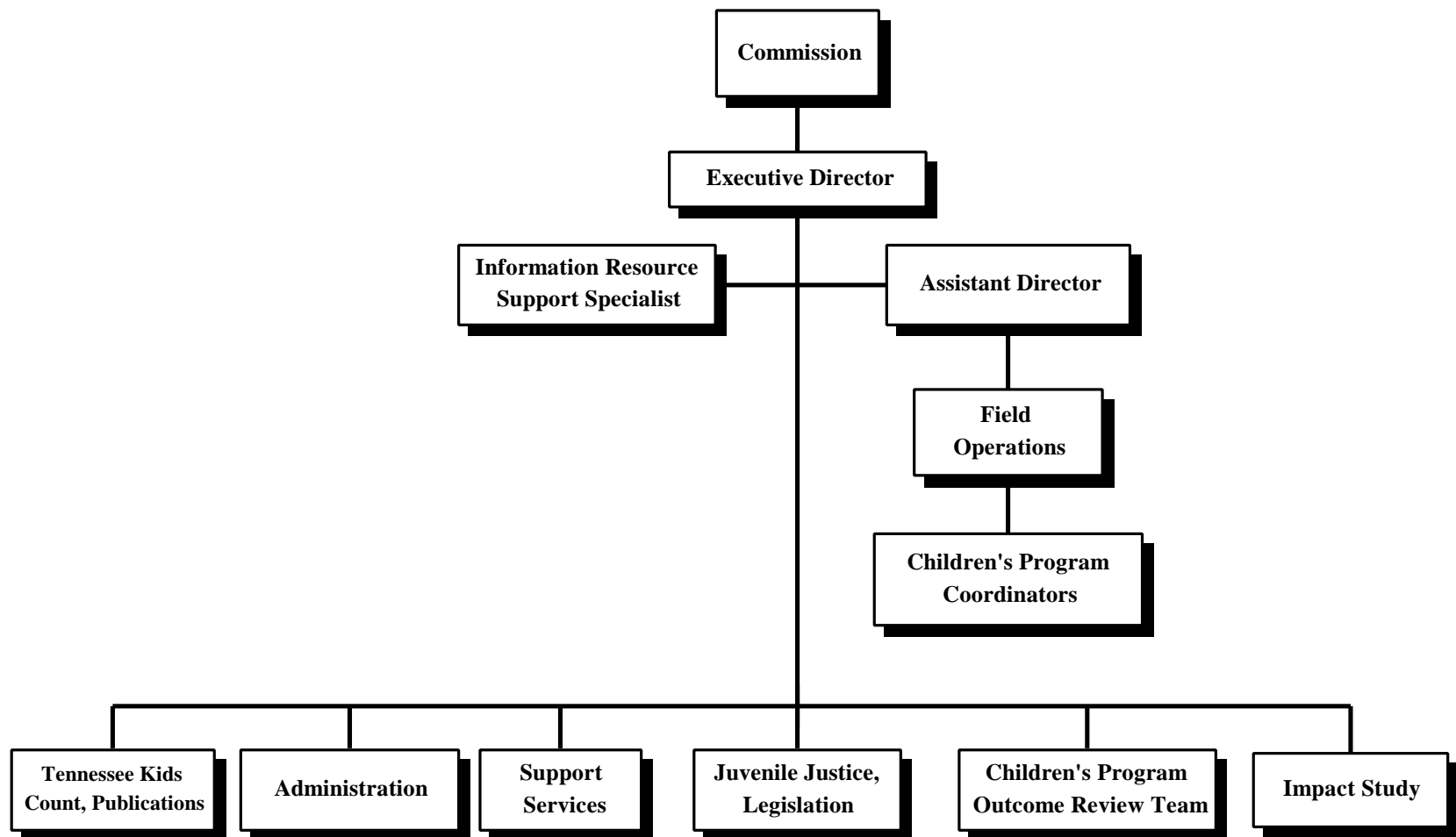
An organization chart of the commission is on the following page.

The Tennessee Commission on Children and Youth is part of the general fund of the State of Tennessee and is responsible for allotment code 316.01.

AUDIT SCOPE

We have audited the Tennessee Commission on Children and Youth for the period July 1, 1997, through June 30, 1999. Our audit scope included a review of management's controls and compliance with policies, procedures, laws, and regulations in the areas of equipment, payroll

Tennessee Commission on Children and Youth Organization Chart



and personnel, travel, juvenile justice reimbursement, and compliance with the Financial Integrity Act. The audit was conducted in accordance with generally accepted government auditing standards.

OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS

EQUIPMENT

The objectives of our review of equipment controls and procedures in the Commission on Children and Youth were to determine whether

- policies and procedures relating to equipment were adequate;
- the commission's property listing represented a complete and valid listing of the assets physically on hand;
- property and equipment were adequately safeguarded;
- equipment purchased during the audit period was properly recorded on the property listing; and
- lost or stolen equipment was properly reported to the Comptroller's Office and deleted from the auditee's property listing.

We interviewed key commission personnel to gain an understanding of the commission's procedures and controls over equipment. We also reviewed supporting documentation for these procedures and controls. In addition, testwork was performed on samples of equipment items. We had no findings related to equipment; however, other minor weaknesses came to our attention which have been reported to management in a separate letter.

PAYROLL AND PERSONNEL

The objectives of our review of payroll and personnel controls and procedures in the Commission on Children and Youth were to determine whether

- policies and procedures regarding payroll and personnel were adequate;
- payroll for new and terminated employees was computed correctly;
- employees were qualified for their positions; and
- performance evaluations were completed in compliance with personnel policies and procedures.

We interviewed key commission personnel to gain an understanding of the commission's procedures and controls over payroll and personnel. We also reviewed supporting documentation for these procedures and controls. Testwork was performed on a sample of employees who were hired or terminated during the audit period. In addition, we examined a sample of employee files for completed performance evaluations.

We determined that performance evaluations were not done timely, as discussed in the finding. In addition to the finding, one minor weakness came to our attention and has been reported to management in a separate letter.

Controls over performance evaluations need strengthening

Finding

The Tennessee Commission on Children and Youth did not comply with state personnel policies requiring periodic employee performance evaluations. The Department of Personnel requires that each career service employee's performance be evaluated at least every 12 months. A review of 25 personnel files disclosed that 22 employees (84%) had not been evaluated in a timely manner. Nine of these had not had performance evaluations in over four years.

The *Rules of the Tennessee Department of Personnel*, Section 1120-5-.01, "Job Performance Planning and Evaluation," states that the purpose of job performance evaluations is "to promote employee development, enhance employee productivity, serve as a basis for sound personnel decisions, and provide a permanent record of the performance of major job duties and responsibilities for employees in the State service." To maintain and improve job performance and to properly consider individuals for merit increases and promotions, the commission needs to evaluate employees regularly.

Recommendation

The Executive Director should assign specific responsibility to ensure commission supervisors follow the Department of Personnel's policies for employees' performance evaluations. Management should then monitor to ensure supervisors are complying with these policies.

Management's Comment

We concur. The Tennessee Commission on Children and Youth (TCCY) needs to do a better job ensuring that performance evaluations are completed in compliance with the *Rules of the Tennessee Department of Personnel*. The TCCY management team has met to discuss this finding and will implement steps to ensure that evaluations are completed. Supervisors will

strive to complete evaluations in a timely manner. Following receipt of a label for evaluation from the Department of Personnel, the TCCY personnel officer will be responsible for advising supervisors when evaluations are due. He will also set up a log to track the dates of the evaluation process.

TCCY is a small agency that has frequent contact and interaction between and among staff, especially between supervisors and the staff they supervise. Though we have not completed the formal evaluation process at a desirable level, staff generally do have a good understanding of their job performance and the things they need to do to improve performance. This has been an ongoing process, but we will now take steps to add the formal evaluation process to our current supervisory strategies.

We have reviewed the Department of Personnel report entitled "Performance Evaluation Status February 2000." The TCCY audit was conducted around that time. While the numbers and percentages are still unacceptably high, it should be noted that the Department of Personnel report indicated that TCCY had a total of 27 evaluations that were overdue (55 percent). Thus 22 of the 27 employees with overdue evaluations appeared in the audit sample. The report also indicates that nine of the ten staff with evaluations over four years old also appeared in the audit sample. This information is presented not to minimize the need for TCCY to address the problem, but to reflect that our overall actual numbers and percentages are not quite as dismal as the results of the audit sample.

TRAVEL

The objectives of our review of the controls and procedures related to travel in the Commission on Children and Youth were to determine whether policies and procedures regarding travel were adequate and whether payments for travel had been made in accordance with the Comprehensive Travel Regulations.

We interviewed key commission personnel to gain an understanding of the commission's procedures and controls over travel. We also reviewed supporting documentation for these procedures and controls. In addition, testwork was performed on a sample of travel disbursements during the audit period. We had no findings related to travel; however, other minor weaknesses came to our attention which have been reported to management in a separate letter.

JUVENILE JUSTICE REIMBURSEMENT

The Commission on Children and Youth administers a combination of state and federal funds to provide assistance to counties for removing children from adult jails. These funds can be used to provide services to children who meet the criteria of Section 37-1-114(c), *Tennessee Code Annotated*, which describes the appropriate placement of children in secure facilities. Each county accepting reimbursement funds must develop and submit local rules and procedures for each service provided. The objectives of our review of the commission's controls and procedures

over juvenile justice reimbursement were to determine whether policies and procedures regarding juvenile justice reimbursement were adequate and whether payments made for juvenile justice reimbursement were in accordance with established policies and procedures.

We interviewed key commission personnel to gain an understanding of the commission's procedures and controls regarding juvenile justice reimbursement. We also reviewed supporting documentation for these procedures and controls. In addition, testwork was performed on a sample of reimbursement claims filed during the audit period. We had no findings related to juvenile justice reimbursement; however, other minor weaknesses came to our attention which have been reported to management in a separate letter.

FINANCIAL INTEGRITY ACT

The Financial Integrity Act of 1983 requires the head of each executive agency to submit a letter acknowledging responsibility for maintaining the internal control system of the agency to the Commissioner of Finance and Administration and the Comptroller of the Treasury by June 30, 1999, and each year thereafter. In addition, the head of each executive agency is also required to conduct an evaluation of the agency's internal accounting and administrative control and submit a report by December 31, 1999, and December 31 of every fourth year thereafter.

The objectives of our review of the Tennessee Commission on Children and Youth's compliance with the Financial Integrity Act were to determine whether

- the commission's June 30, 1999, responsibility letter and December 31, 1999, internal accounting and administrative control report were filed in compliance with the Financial Integrity Act of 1983;
- documentation to support the commission's evaluation of its internal accounting and administrative control was properly maintained;
- procedures used in compiling information for the internal accounting and administrative control report were adequate; and
- corrective actions have been implemented for weaknesses identified in the report.

We interviewed key employees responsible for compiling information for the report to gain an understanding of the commission's procedures. We also reviewed the supporting documentation for these procedures and the June 30, 1999, responsibility letter and December 31, 1999, internal accounting and administrative control report submitted to the Comptroller of the Treasury and to the Department of Finance and Administration.

We determined that the Financial Integrity Act responsibility letter and internal accounting and administrative control report were submitted on time, and support for the internal accounting and administrative control report was adequate.

PRIOR AUDIT FINDING

Section 8-4-109, *Tennessee Code Annotated*, requires that each state department, agency, or institution report to the Comptroller of the Treasury the action taken to implement the recommendations in the prior audit report. The Tennessee Commission on Children and Youth filed its report with the Department of Audit on April 30, 1999. A follow-up of the prior audit finding was conducted as part of the current audit. The current audit disclosed that the Tennessee Commission on Children and Youth has corrected the previous audit finding concerning the failure to maintain documentation of the evaluation of internal accounting and administrative controls, as required by the Financial Integrity Act of 1983.

OBSERVATIONS AND COMMENTS

TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

Tennessee Code Annotated, Section 4-21-901, requires each state governmental entity subject to the requirements of Title VI of the Civil Rights Act of 1964 to submit an annual Title VI compliance report and implementation plan to the Department of Audit by June 30, 1994, and each June 30 thereafter. The Commission on Children and Youth filed its compliance reports and implementation plans on June 29, 1999, and June 30, 1998.

Title VI of the Civil Rights Act of 1964 is a federal law. The act requires all state agencies receiving federal money to develop and implement plans to ensure that no person shall, on the grounds of race, color, or origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal funds.

On October 15, 1998, the commissioner of Finance and Administration notified all cabinet officers and agency heads that the Human Rights Commission is the coordinating state agency for the monitoring and enforcement of Title VI.

A summary of the dates state agencies filed their annual Title VI compliance reports and implementation plans is presented in the special report *Submission of Title VI Implementation Plans*, issued annually by the Comptroller of the Treasury.